

DR. DEITRICK: Good afternoon. It's a pleasure to be here today to discuss the impacts of the loss of manufacturing on communities and places. My remarks today will address the impacts and changes in Pittsburgh, Pennsylvania and the southwestern Pennsylvania region.

Pittsburgh has undergone a profound transformation of the regional economy over the past two decades. During the 1980's, the region's steel industry and other manufacturing components collapsed in the face of declining competitiveness in an international economy, resulting in loss of over 125,000 manufacturing jobs in Pittsburgh during the decade. Much of this loss was in the primary metals sector where employment dropped by 70 percent. This loss of steel related employment accounted for nearly half of all manufacturing jobs lost in Pittsburgh during that time.

Despite these job losses, by the middle of the 1980's, the region began the long process of economic restructuring through job gains in finance, education, health services and other non-manufacturing sectors. It started to catch up to the U.S. economy in terms of overall job growth by the second half of the 1980's. While total employment declined in the region between '80 and '86, the trend reversed and job growth nearly equaled the national average in the second half

of the decade. With its remarkable resilience against the loss of the steel industry, the Pittsburgh transition by the late 1980's became known around the world as a model of post-industrial restructuring for older industrial regions.

Looking back over the past ten years, however, reveals a less optimistic view of the Pittsburgh region's restructuring. Despite a national economic expansion over the latter part of the 1990's, Pittsburgh's earlier promise of growth and redevelopment has been much slower than anticipated a decade ago. Job growth has slowed to about half the U.S. average in the 1990's.

The region continues to lose manufacturing jobs, and expansion in key service sectors, which were instrumental to the region's economic recovery in the late 1980's, has not kept pace with national trends. With the exception of finance, education, and legal services, most major service areas lag national growth rates. The Pittsburgh transition from an older industrial region to an expanding post-industrial economy has slowed.

What has been the source of this slowdown? Restructuring in an older industrial region is uneven and multi-layered. The loss of the region's manufacturing base was more than a decline in steel and

manufacturing jobs; it meant the loss of a century-old economic, social, and geographic process that fueled the region's growth. When the steel industry collapsed in Pittsburgh, the process of the region's growth, its technological and managerial organization, and its spatial networks was upended.

What does this mean for the future of the Pittsburgh region? First of all, the region can be categorized as losing ground. Its employment growth has fallen off compared to the nation. This has occurred for total employment, broad sector categories, and key subcomponents of the regional economy, such as health and business services. This stagnation has important consequences for the future if no new growth sectors emerge.

Second, we will see a continued restructuring of manufacturing base of the region. Unlike other parts of the industrial Midwest that have seen a rejuvenation of traditional and new manufacturing industries, Pittsburgh continues to have a relative and absolute decline in manufacturing.

Broad trends cannot account for all changes, however. Parts of the manufacturing sector had been rejuvenated by foreign direct investment and growth in subcomponents, such as transportation equipment and specialized sectors. Within the region,

manufacturing growth has been important to other parts of the region outside the core Allegheny County.

Finally, the Pittsburgh transition has left the region looking more like the national economy today than in its steel specialized years. Specialization has declined in industrial sectors, while the region has retained its expertise in areas such as finance, education, and research and development. New areas, including computer services, biotechnology, and robotics, are developing, while older sectors, such as electrical and electronic equipment and glass, are being transformed. As these industries grow nationally and internationally, the challenge for Pittsburgh is to build on its education and technology base and grow them regionally.

As the 20th century ends, Pittsburgh has been transformed from an internationally oriented industrial region to a regionally oriented service economy. The transition reveals the unevenness of change in an older industrial region. This reflects forces inside and outside the regional economy, both domestic and global.

Despite the continuing expansion of the national economy, we must not forget that not all people and places have shared in that growth. The ongoing restructuring of the Pittsburgh regional

economy reveals the enduring limitations of growth and change in older industrial regions and the challenges that lie ahead.

Thank you.

COMMISSIONER BECKER: You're the first person, I think, today that has finished in the yellow.

(Laughter.)

Carrie Leana.